

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (9/14):**

Due to national security concerns, the CME was closed on Tuesday (9/11) and Wednesday (9/12). The CME resumed trading on Thursday (9/13). The weekly averages are based on the simple average of the closing prices for only the days the CME traded.

BUTTER: Grade AA closed at \$2.1700. The weekly average for Grade AA is \$2.1838 (-.0262).

CHEESE: Barrels closed at \$1.6800 and blocks at \$1.7200. The weekly average for barrels is \$1.6800 (N.C.) and blocks, \$1.7200 (N.C.).

NONFAT DRY MILK: Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

BUTTER: Nationally, the butter market appears firm. However, there are a growing number of reports that churning is on the rise, butter stocks are readily available, and imported bulk is being offered at prices well below current CME prices. More excess cream is available in much of the country and churning activity is heavier than it has been in recent weeks. Demand is lackluster at this time. High retail prices are prevalent, which usually slows consumption. This week's tragic events in NYC and the D.C. area have disrupted deliveries of dairy products and other food into and around those areas and it will be some time before "things" get back to some semblance of normalcy.

CHEESE: The cheese market is steady. Cheese trading resumed at the Chicago Mercantile Exchange on September 13, after being closed for 2 days due to the tragedy in the Northeast. Current cheese offerings are tight to adequate, as milk supplies available for manufacturing remain tight due to good seasonal demand for milk used in the bottle. Aged cheddar interest is improving seasonally. The CCC is expected to announce the results of its sale of aged cheddar late on September 14.

FLUID MILK: This week's tragedy in New York City (NYC) and Washington, D.C. has had its effects on milk and food product movements in the East. Disruptions to food delivery schedules are obvious in and around the NYC and D.C. metro areas. Fluid milk bottlers report a lot of scrambling to get tankers to their destinations and there are reports of inbound truckers not wanting to take their cargos (milk and other fluid products) into those areas. Bottlers in and around NYC did receive milk, but they also cancelled some loads, which had to be cleared in manufacturing plants. In many cities, there have been reports of panic buying of bottled milk and water, which

improved the need for milk in those locales. Milk production levels are holding at levels steady with recent weeks. In the West, production is steady to higher in most areas. California production is still at levels above last year at this time. Milk is moving in normal channels in the state. Output in New Mexico is noted to be steady. Hotter and humid conditions are affecting the milking herd in Arizona and production is below a year ago. In the Northwest, conditions are generally favorable for milk production to remain along seasonal patterns. Production in the Mountain States is sometimes mixed. Midwestern milk supplies remain seasonally tight. Class I interest is fair to good. Fat and protein levels continue to recover from summer levels. Cream markets are unsettled to weak. Many churners are selling cream to maximize returns. Ice cream makers are lowering demand and taking less cream.

DRY PRODUCTS: Nonfat dry milk prices are higher in the West and Midwest. There were no offerings to the CCC this week. Demand is fair domestically and loads are still being shipped to export accounts. Production is still seasonally active in the West, but light in the Midwest and East, where producers' supplies are limited. Dry buttermilk prices are steady to slightly higher in the West, where offerings remain light. Production is limited with churning lighter than anticipated. Dry whey prices are mostly steady. Offerings are light from producers, but often better availability is found from resellers. A limited amount of whey was booked from Western suppliers for an export tender. Production is lighter in some areas, and producers in the East note there is less whey solids to be processed. WPC market prices are unchanged and very little new information is affecting current market conditions. Supplies are limited at the plant level. Some animal feed accounts are turning unneeded loads back to suppliers. Lactose prices are unchanged, but the market tone is firm. Fourth quarter contract prices are being negotiated at higher levels.

CCC: During the week of September 10 - 14, CCC purchased no dairy products and received no cancellations for previously offered products.

JULY FLUID MILK HIGHLIGHTS (AMS, CDFA): During July, about 4.0 billion pounds of packaged fluid milk products were sold in Federal milk order marketing areas and California. This was 1.6 percent lower than July 2000. On an individual product basis, sales of reduced fat (2%) milk and low fat (1%) milk increased from July 2000, while sales of whole milk, fat-free (skim) milk and buttermilk decreased from a year earlier. The data for both years have been adjusted for calendar composition.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., **BUTTER:** carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY SEPTEMBER 10	TUESDAY SEPTEMBER 11	WEDNESDAY SEPTEMBER 12	THURSDAY SEPTEMBER 13	FRIDAY SEPTEMBER 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.6800 (N.C.)	@	@	\$1.6800 (N.C.)	\$1.6800 (N.C.)	N.C.	\$1.6800 (N.C.)
40# BLOCKS	\$1.7200 (N.C.)	@	@	\$1.7200 (N.C.)	\$1.7200 (N.C.)	N.C.	\$1.7200 (N.C.)
BUTTER GRADE AA	\$2.1975 (-.0025)		@		\$2.1700 (-.0275)	-.0300	\$2.1838 (-.0262)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. @ The CME was closed. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, SEPTEMBER 10, 2001

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.7250; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6800; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7200
 BUTTER -- SALES: 1 CAR @ \$2.1975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS: 1 @ \$2.1975, 2 @ \$2.2000

TUESDAY, SEPTEMBER 11, 2001

THE CME CLOSED EARLY.

WEDNESDAY, SEPTEMBER 12, 2001

THE CME REMAINED CLOSED.

THURSDAY, SEPTEMBER 13, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 14, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 9 CARS: 1 @ \$2.0850, 2 @ \$2.0825, 1 @ \$2.1025; UNFILLED: 6 CARS: 1 @ \$2.1200, 1 @ \$2.1150, 1 @ \$2.0950, 1 @ \$2.0925, 2 @ \$2.0500; OFFERS UNCOVERED: 1 CAR @ \$2.1975

BUTTER MARKETS**NORTHEAST**

The market tone remains firm, but the CME cash price for butter has slipped slightly from the end of August. Production levels were heavier during the Labor Day weekend, but are again light to moderate as milk and cream supplies tighten. Demand is about steady, but contacts are commenting on the readily available stocks of imported butter at prices well below the current CME price. Demand for the imported butter is just fair, despite the price. The call for domestically made butter is seldom better than fair. Prices are often cited for the lackluster demand. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 – 8.0 cents over the CME price/average.

CENTRAL

The butter market is unsettled. In the wake of Tuesday's tragedy, the CME closed early on 9/11 and all day on 9/12. Distribution schedules were little changed in the Midwest, but trucks heading East were either rerouted or, at times, cancelled. Churning activity is a little heavier this week as more cream is being offered to butter makers. Stocks of bulk and packaged butter are more than adequate for current needs. Buyers have little difficulty finding desired volumes. Also, there are reports that imported butter is readily available well below the U.S. market, but finding few buyers at this time. Retail demand is

just fair as prices are meeting consumer resistance. Feature activity is limited and even when featured, prices are near \$3.00 per pound. Food service sales are about steady. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing basis.

WEST

The butter market tone is unsettled this week. The Grade AA price declined 1/4 cent on Monday, but due to national events, the CME was closed on Wednesday. Spot offerings are noted to be higher this week. Many producers are selling cream at attractive prices and not churning. Butter demand is fair to good with mixed directions seen for the pricing trend. Some buyers want to have butter for later needs and want to secure butter now. Other buyers feel that the market will continue lower and will wait. Imported butter remains available at offering prices well below the current cash price. Retail sales of branded butter are said to be lower and heavily attributed to the high retail price. There are indications that up to 91 truckloads of butter could be delivered on the butter futures market at the CME. The closure of the CME has prevented the release of information on deliveries and weekly stock levels in approved warehouses. Current prices for bulk butter range from 2.75 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
SEPT. 8	1.7113 6,711,185	1.6704 8,220,401	0.9527 14,946,817	2.1796 3,505,521	0.2894 8,816,389	2.8046 1,551,517	2.7674 4,406,490

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are steady to lower and the market tone is unchanged. Prices at the CME have been stable for the past week and a half and few loads are being traded. In the East, cheese output is steady to lower as surplus milk volumes tighten. Some cheese makers have reduced production schedules to accommodate their dwindling milk supply. Some are purchasing more condensed skim and/or NDM to boost yields. Demand for cheddar cheese is generally steady, while good for mozzarella and process. Cheese supplies are balanced locally, but there is little or no trouble finding desired volumes in other regions. Retail and food service orders are little changed from last week.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7650-2.2350
Cheddar Single Daisies	:	1.7225-2.1825
Cheddar 40# Block	:	1.8600-2.0425
Process 5# Loaf	:	1.8900-2.0500
Process 5# Sliced	:	1.9100-2.1675
Muenster	:	1.9250-2.1325
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled, though about steady. The Chicago Mercantile Exchange suspended trading on September 11 and 12 due to the terrorist attacks. Business activity was noticeably slower on Tuesday though somewhat recovered by Wednesday. Overall, cheese offerings are about adequate for needs. Lead times on some current cheese varieties are increasing as well as producers limiting order size. Process sales are being aided by food service promotional activity. Aged cheddar demand is improving seasonally though buyers are finding some age gaps in the programs. Milk supplies remain tight in the region and some plants are able to secure better returns by selling milk rather than cheese. Current cheese production is fairly steady. Many plants continue to operate on reduced schedules due to the available milk supplies. Some truckers were reported to be reluctant to make deliveries to the Northeast and some warehouses in the New York metro area were not making deliveries.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8975-2.1000
Brick And/Or Muenster 5#	:	2.0600-2.3100
Cheddar 40# Block	:	2.0400-2.1300
Monterey Jack 10#	:	2.1400-2.3425
Blue 5#	:	2.4600-2.7100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0900-2.2175
Grade A Swiss Cuts 6 - 9#	:	2.4550-2.6900

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	SEPTEMBER 10 - 14, 2001
BARRELS*	:	\$1.6800 - 1.6950 (NOMINAL)
	:	
40# BLOCKS	:	\$1.7200 - 1.7600 (NOMINAL)
	:	(-.0250)

() Change from previous week. * If steel, barrel returned.

WEST

Western cheese prices are holding steady for process, but lower for natural items. Both are reflecting trends in the CME weekly averages. Due to national events, the CME was closed Tuesday and Wednesday. The CME released a news release that floor trading will resume at their normal times on Thursday. Overall, cheese production in the region is holding mostly steady with recent weeks. Swiss demand remains steady to good with stock levels being balance by production. Some stock building is occurring for fall needs. Sales of blocks are noted to continue to be more active than barrels. Retail sales are being assessed and indicated to be lower for packages cheddar sales. Undergrades are hard to move, especially with the availability of imports.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.8300-2.0900
Cheddar 40# Block	:	1.8400-2.0025
Cheddar 10# Cuts	:	2.0200-2.2400
Monterey Jack 10#	:	2.0300-2.1900
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5800

FOREIGN

Prices are lower on domestically produced styles and the market tone is unchanged. Demand for most foreign type cheeses is slow to fair, but best for imported types used in processing. We are approaching the October 1 deadline for importers to surrender any unused portions of their import licenses for reallocation. Typically, the first reallocation of unused licenses occurs in mid-October and based on requests postmarked and received between September 1-15. This surrendering of unused licenses is to avoid a penalty (reduced license) for the following year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 2.0675-3.5625*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.6350*
Parmesan (Italy)	: TFEWR	: 3.4825-3.5375*
Romano (Italy)	: 2.1000-2.9900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 2.0750-2.2950*
Romano (Cows Milk)	: -0-	: 3.2575-5.4350*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.5900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9500	: -0-
Gouda, Large	: 2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
09/10/01	30,102	: 124,938
09/01/01	31,213	: 128,050
CHANGE	-1,111	: -3,112
% CHANGE	-4	: -2

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	64	0	97	0	146	0
SOUTHEAST STATES	149	0	141	0	179	0

This week's tragedy in New York City (NYC) and at the Pentagon has had its effects on milk and food product movements in the East. Disruptions to food delivery schedules are obvious in and around the NYC and D.C. metro areas. Fluid milk contacts report a lot of scrambling to get tankers to their destinations and there are reports of inbound truckers not wanting to take their cargos (milk and other fluid products) into those areas. Bottlers in and around NYC did receive milk, but they also cancelled some loads, which had to be cleared in manufacturing plants. In many cities, there have been reports of panic buying of bottled milk and water, which improved the need for milk in those locales. Milk production is about steady in most areas of the East. Fluid milk needs are lighter in Florida where imports are down from a week earlier levels. However, Florida is expecting considerable amounts of rain this week and sales of milk may "bounce" slightly as the storm approaches. Handlers in the other Southeastern states did see improved demand due to a bout of panic buying and they had to find a little extra milk. If historical patterns are any indication, this week's increased run on milk may result in a slower demand next week. Manufacturing plant operations are mixed; some have more milk to process, but others have less. The condensed skim market is basically unchanged and prices are steady. Demand for wet solids is fair to good. The fluid cream market is a bit weaker as offerings are increasing from more sources. Some ice cream makers have reduced spot orders, which resulted extra loads of cream to clear. Spot prices are steady to higher. Multiples are higher and the CME average butter price was up slightly. Cream cheese and sour cream output is steady to slightly heavier. Churning activity is moderate as more excess cream is available this week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.8288-3.0277
DELIVERED EQUIVALENT ATLANTA	-	2.7846-3.0498 M 2.8730-2.9172
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.8730-3.0719

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES -	1.0500-1.1100
NORTHEAST- CLASS III - SPOT PRICES	- 1.0000-1.0800

M I D W E S T

Retail Class I demand was stimulated at midweek in some locations by consumers increasing purchases on staple items such as milk and gas in reaction to the recent events in the East. Retail feature activity in selected markets is also increasing Class I needs. Class I interest prior to recent events was starting to show additional signs of just meeting actual needs for school lunch and regular accounts rather than the speculative ordering. Milk supplies remain seasonally tight and much tighter than a year ago. The volumes of milk being shipped from upper Midwest states is little changed from recent weeks, perhaps up just a bit from recent weeks. Spot milk premiums reported paid by area bottlers range from \$4.95 to around \$5.70. Manufacturing milk premiums, on a very limited test, range from \$3.00 over class to about \$4.50. The availability of milk and, occasionally, trucks and/or truckers is more the problem keeping some demand from getting satisfied. Plant operating

schedules remain seasonally light with many plants operating on either a reduced number of days or vats per day. Field staff is active in maintaining and/or seeking additional producers. Fat and protein levels continue to recover from low summer levels and reports indicate that somatic cell counts are also improving. Cream interest remains fairly good as supplies remain snug. Condensed skim prices range from \$1.0475 - 1.15 with interest generally good. Plant milk intakes are little changed from recent weeks. Recent bouts of wet weather have slowed fieldwork in some areas though silo filling and opening fields to chop or dry continue. More soybeans are turning color and dropping leaves.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.00- 46.00	\$ 36.00- 41.50
REPLACEMENT HEIFER CALVES	\$400.00-600.00	\$300.00-400.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.75- 47.00	\$ 35.50- 46.00

W E S T

Milk production levels are little changed from prior weeks in the Western United States. California milk output ranges from steady to slightly higher with highly favorable weather conditions prevailing across the state. Milk movements throughout the state were generally normal, but some additional fluid milk orders were noted, which was common throughout the state and region. In New Mexico, milk output is fair to good. There are concerns about the high replacement animal costs, but producers are filling recently expanded and new facilities. Hay prices remain high and top dairy quality hay is hard to find. Hay producers are harvesting as long as the crop is still growing. Dairy producers are able to absorb the higher cost because of currently favorable milk prices they are receiving. In Arizona, milk production is steady to instances lower. Hotter and more humid conditions are stressing the herds again. Indications are that milk production in August will be 5 or more percent lower than last year. The fluid cream markets are unsettled. The general sentiment among butter makers is to sell as much cream as possible at the current favorable pricing. Buyers within and outside of the region are absorbing the offerings, but multiples are often not as strong as in recent weeks. California butter producers will likely sell cream until October 1st, when the fat component in the state formula will make cream too expensive for many buyers. Western multiples are trading widely in the 115 to 133 range, FOB. Tanker trucks continue to be hard to find. Trucking rates were fluctuating this week when uncertainty over fuel costs were unclear and trucking firms wanted to cover their potential costs. Those concerns have mostly eased. In the Northwest, milk production patterns have changed little. Some locations are starting to see milk output grow, some are holding steady, while yet others are still seeing slight declines. This is common across the various climates in this area. Some added fluid milk orders were noted from accounts supplying schools. Hay markets remain firm with a higher undertone for dairy quality hay. Replacement costs are high with a recent dairy sale seeing replacements in the \$2000 - 2225 range for top heifers and supreme cows trading at \$1950 - 2350. Buyers within the region and nearby states were present. In the Mountain States, milk output is seeing mixed results. Cooler temperatures are allowing protein and fat levels of incoming milk to increase. Some areas of Utah are starting to harvest corn silage, which is welcomed to help offset higher hay costs.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/13/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher and nominal on a steady to firm market. Supplies are tight in the Central region with very light trading. Demand is fair with the best interest being expressed by cheese facilities. Production is slowly increasing as milk supplies rebound in the cooler fall weather. However, some plants do not anticipate any spot availability for at least a month. Inquiries from resellers are heavy. High heat production is generally steady on an as needed basis.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9600 - 1.0250 MOSTLY: .9600 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady to firm market. Trading activity is extremely light. Most buttermilk is being traded in the condensed form and readily clearing into ice cream facilities. Churning activity is steady with no increases in dry buttermilk supplies anticipated for at least a month when cream availability may increase. Many locations are sold out with no inventories. Resale movement is light and offerings are nominal.

BUTTERMILK: 1.0400 - 1.1000

DRY WHEY - CENTRAL

Prices are mixed and nominal on a mostly steady market. Some producers suspect that the whey market has not yet peaked due to producer inability to satisfy current commitments. Production is steady to somewhat lower due to inadequate milk supplies at some locations. Export movement is light. Domestic demand is best into bakery facilities and some feed operations. Some light supplies are available through resale markets. While some contracted buyers are able to gain additional loads when needed, others are being shorted on their commitments. Condensed supplies are tight, especially into some WPC/lactose facilities.

NONHYGROSCOPIC: .2850 - .3000 MOSTLY: .2900 - .2975

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a generally steady market. Milk replacer supplies are light. Plants are anticipating an increase in offerings in the week to follow as product is assembled. Roller ground production is generally unchanged for the light to fair interest. Demand for delactose remains strong as CCC NDM and WPC supplies are generally not readily available. However, since most delactose is produced on a contractual basis, spot supplies are limited on steady production schedules. Early weaned pig markets are steady while feeder pig markets trend steady to weak. The North Central veal market is steady to firm.

MILK REPLACER: .2300 - .2700
ROLLER GROUND: .2750 - .3000
DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Offering prices for the 4th quarter are higher with some firms finalizing price increases on 4th quarter contracts. Demand is good into export and domestic markets. Some Asian buyers are looking to guarantee supplies into 2002 to avoid contract shortages that are occurring at present. Some plants are offering lactose into 2002 with the stipulation that WPC would also need to be sourced from the same plant. Production is mostly steady with some plants unable to offer any additional supplies on a spot basis. However, resale supplies are available at a discount. Some ingredient firms are considering switching away from whey to lactose. Lactose production is anticipated to increase as milk volumes seasonally rise throughout the fall. Off grade supplies are tight for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2700 MOSTLY: .1950 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and the market tone is mostly steady. Some export delays are being noted in light of the increased security measures at US ports. Domestic movement is mostly contractual with some spot activity occurring into nutraceutical and food companies. A few feed operations are also again purchasing WPC as buyer inventories deplete. Resale product from buyers delaying pick-up is available at some manufacturer locations. Production is mostly steady with some companies aggressively competing for available condensed WPC supplies. The trade continues to suspect market changes as contracts are negotiated for 2002. Contract negotiations are not expected for at least another month. Off grade supplies are light for the good interest.

EXTRA GRADE 34% PROTEIN: .7400 - .8000 MOSTLY: .7650 - .7950

NONFAT DRY MILK - WEST

The low/medium heat price series increased on the low end of the range as sales to the CCC did not occur this week. It is unclear whether offerings will continue in the short term or have ceased. Production levels remain active in the region to process milk and are higher at locales where cheese production is being lowered to balance stocks. Contacts are hoping that the DEIP allocations will begin to be filled in the near future to help the NDM market. Indications are that world SMP prices are trending lower and are below US prices. Sales of condensed skim are good at attractive pricing levels. NDM stocks are wide ranging from light to heavy, depending on plant and location. High heat prices are unchanged and market conditions vary little from recent weeks. Demand from seasonal accounts is beginning to develop a little better. Production of high heat is light and quite often only made to order or to fill contracts. Stocks are minimal. During the week of September 3 - 7, CCC net purchases totaled 0.1 million pounds.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9300 - 1.0225 MOSTLY: .9300 - .9500
HIGH HEAT: .9700 - 1.0100

DRY BUTTERMILK - WEST

Dry buttermilk prices are steady to slightly higher within the range, resulting in a higher mostly price range. Producer offerings are light and matched with limited spot demand. Butter makers are often selling cream at premiums and are not having buttermilk to dry. This trend is expected to continue for the next few weeks. Additional product is hard to find in the resale trade and from producers in other regions. Contacts have noted that the older "stuff" that was available has mostly been absorbed. Stock levels are limited.

BUTTERMILK: 1.0000 - 1.0600 MOSTLY: 1.0400 - 1.0500

DRY WHEY - WEST

Dry whey prices are holding mostly steady. Producers did not move asking prices this week. The market trend is holding steady. Prices in the region were generally too high to secure export sales for a recent tender, but some sales were booked at the lower side of the current mostly range. Contacts are noting that off grade material is available with some whey plants still having quality problems. Production levels are still declining seasonally at Western plants. Stocks are limited.

NONHYGROSCOPIC: .2600 - .2900 MOSTLY: .2650 - .2800

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
September 7	\$.9433	6,364,039
August 31	\$.9335	13,431,762

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are generally steady. Production levels are little changed. However, Tuesday's tragic attack on Manhattan's World Trade Center and the Pentagon has disrupted delivery and consumption of bottled milk and other foodstuffs to many thousands of people. This forced some cancellations of milk orders by NYC-area bottlers, which created more surplus milk for some manufacturers. However, some contacts report that more NDM was sold than was made this week. For them, their already low inventories are now even lighter. Demand is fair to good. High heat NDM is in the tightest position, but low heat availability is also a concern for some buyers of Eastern NDM.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9675 - 1.0050 MOSTLY: .9700 - .9775

HIGH HEAT: 1.0000 - 1.0250 MOSTLY: 1.0050 - 1.0200

DELVD SOUTHEAST:

ALL HEATS: .9900 - 1.0600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Churning activity is a bit heavier at some plants; steady at others. Excess cream volumes are readily available to those who want it, and some loads did clear to Midwestern butter plants. The additional churning is providing some increasing buttermilk availability, but drying schedules remain light. Producers have little on hand, but don't seem too concerned as spot demand continues to be lackluster.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0700 - 1.0950

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher and the market tone is steady. Production levels are light and still geared to filling orders. Accordingly, producer inventories are light. Domestic demand is just fair and generally contractual. Few spot sales are being reported.

F.O.B. PRODUCING PLANT: 1.4325 - 1.5900

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH SEPTEMBER 7, 2001
WITH CHANGES FROM PREVIOUS REPORT

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Again, there is little change in the East's dry whey market. Prices are unchanged and nominal. Production levels are light to moderate and most producers are having a hard time catching up to existing orders. Extra Grade and Grade A stocks are light, often tight. Many producers are still recovering from the mid-summer heat wave when many plants produced more off-grade product than top quality dry whey. Also, cheese output is lighter due to the tighter supply of surplus milk. This has led to the tighter supply of condensed and/or liquid whey on the market. Some dryers reported that for the first time/week this year they ran out of whey to dry. Demand is fair to good, mostly fair. Few spot sales are being reported. Those loads that are available for spot sale are clearing easily at a premium to the current market price. Traders continue to report a relatively quiet market and some are having difficulty moving extra loads. The animal feed market is sluggish as offerings of off-grade dry whey and WPC are heavy. This is in addition to the Government's sellback of NDM for use as animal feed.

F.O.B. NORTHEAST: EXTRA GRADE .2950 - .3000

USPH GRADE A .2900 - .3100

DELVD SOUTHEAST: .3175 - .3375

EVAPORATED MILK - NATIONAL

Prices are steady to lower on private label brands; unchanged on national brands. The market continues highly competitive as one producer continues their quest to regain or gain market share by offering low prices. Other producers are often meeting these lower prices rather than lose business. This is despite the fact that milk prices are moving higher. Production levels are little changed as milk supplies are about steady with past weeks. Producer stocks are more than adequate to meet current needs. Demand is fair, but the lower prices are sparking some demand.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are unchanged and the market tone remains firm as the fourth quarter and new contracting levels approach. Import and export concerns are being noted, arising from the conflagration in the US this week. Trade and commerce offices were affected in New York and there are restrictions at ports in the US. Prices for both casein types are expected to be higher in the fourth quarter.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.5000 - 2.7300

ACID: 2.5500 - 2.6500

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	08/29	08/30	08/31	09/03	09/04	09/05	09/06	09/07	09/10	09/11
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
AUG 01	15.60 (2928) 0	15.55 (2858) 0	15.55 (2858) 0	NO TRADING						
SEP 01	15.55 (3246) 61	15.60 (3258) 31	15.60 (3256) 11		15.61 (3263) 13	15.66 (3274) 23	15.68 (3280) 47	15.71 (3271) 2	15.74 (3261) 0	CLOSED
OCT 01	14.29 (2728) 29	14.40 (2734) 31	14.50 (2750) 49		14.65 (2752) 51	15.00 (2748) 70	15.15 (2784) 101	15.21 (2780) 15	15.23 (2780) 0	
NOV 01	13.40 (2031) 19	13.42 (2031) 4	13.50 (2038) 30		13.70 (2049) 61	14.00 (2059) 47	14.15 (2093) 73	14.32 (2088) 26	14.32 (2088) 0	
DEC 01	12.67 (1716) 24	12.70 (1717) 2	12.75 (1719) 17		12.75 (1762) 60	13.00 (1775) 24	13.10 (1776) 31	13.29 (1777) 5	13.25 (1777) 0	
JAN 02	12.15 (598) 0	12.15 (600) 4	12.19 (600) 8		12.20 (597) 11	12.25 (597) 0	12.30 (611) 29	12.55 (611) 10	12.45 (611) 0	
FEB 02	11.92 (460) 0	11.92 (460) 0	11.91 (467) 7		11.91 (469) 2	11.95 (469) 0	11.97 (477) 15	12.02 (477) 2	12.02 (477) 0	
MAR 02	11.92 (401) 4	11.90 (401) 0	11.89 (415) 14		11.90 (417) 3	11.94 (419) 2	12.00 (423) 5	12.05 (423) 1	12.05 (423) 0	
APR 02	11.93 (269) 1	11.90 (269) 0	11.90 (270) 3		11.91 (272) 2	11.96 (272) 0	11.97 (272) 0	12.00 (272) 0	12.00 (272) 0	
MAY 02	11.93 (212) 5	11.89 (212) 0	11.89 (215) 11		11.90 (217) 2	11.95 (217) 0	11.96 (231) 19	12.00 (231) 0	12.00 (231) 0	
JUN 02	12.05 (174) 4	12.05 (174) 0	12.05 (177) 3		12.05 (178) 1	12.09 (179) 1	12.12 (178) 3	12.15 (197) 29	12.15 (197) 0	
JUL 02	12.40 (85) 1	12.40 (85) 0	12.45 (85) 0		12.45 (87) 2	12.45 (87) 0	12.45 (90) 3	12.50 (96) 21	12.60 (96) 0	
AUG 02	12.45 (65) 0	12.47 (65) 0	12.49 (65) 10		12.49 (66) 1	12.45 (68) 4	12.45 (69) 1	12.45 (82) 22	12.60 (82) 0	
SEP 02	12.50 (31) 0	12.52 (31) 0	12.52 (31) 0		12.52 (31) 0	12.50 (35) 5	12.58 (35) 0	12.58 (54) 20	12.58 (54) 0	
OCT 02	12.35 (29) 0	12.35 (29) 0	12.35 (29) 0		12.35 (29) 0	12.35 (29) 0	12.35 (29) 0	12.35 (46) 23	12.40 (46) 0	
NOV 02	12.15 (17) 0	12.15 (17) 0	12.15 (17) 0		12.15 (17) 0	12.15 (17) 0	12.15 (17) 0	12.15 (17) 0	12.15 (17) 0	
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
AUG 01	15.04 (310) 0	15.04 (307) 0	15.06	NO TRADING						
SEP 01	15.75 (283) 5	15.80 (286) 3	15.80 (286) 0		15.80 (286) 0	15.80 (286) 0	15.80 (286) 0	15.80 (286) 0	15.80 (286) 0	CLOSED
OCT 01	15.30 (364) 0	15.30 (364) 0	15.30 (364) 0		15.30 (364) 0	15.30 (364) 0	15.30 (366) 2	15.35 (366) 0	15.35 (366) 0	
NOV 01	14.55 (255) 0	14.55 (255) 0	14.55 (255) 0		14.55 (260) 5	14.60 (260) 0	14.60 (260) 0	14.60 (260) 0	14.60 (260) 0	
DEC 01	13.65 (141) 0	13.65 (143) 2	13.65 (143) 0		13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	
JAN 02	13.10 (31) 0	13.10 (33) 2	13.10 (33) 0		13.10 (33) 0	13.10 (33) 0	13.10 (33) 0	13.10 (33) 0	13.10 (33) 0	
FEB 02	13.00 (37) 2	13.00 (39) 2	13.00 (39) 0		13.00 (45) 6	13.00 (45) 0	13.00 (47) 2	13.00 (47) 0	13.00 (47) 0	
CME - BUTTER FUTURES -- Cents per pound										
SEP 01	220.00 (91) 3	220.00 (91) 0	220.00 (91) 0	NO TRADING	220.00 (91) 0	220.00 (91) 8	220.00 (82) 9	221.00 (74) 12	219.50 (74) 0	CLOSED
OCT 01	218.00 (27) 3	218.00 (27) 0	218.00 (27) 0		218.00 (27) 0	218.00 (27) 0	218.00 (28) 5	219.00 (30) 10	218.00 (30) 0	
DEC 01	177.50 (5) 0	177.50 (5) 0	177.50 (5) 1		180.00 (5) 0	180.00 (6) 1	180.00 (9) 3	181.00 (9) 0	181.00 (9) 0	
MAR 02	145.00 (6) 0	145.00 (6) 0	145.00 (8) 2		150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	
MAY 02	147.00 (7) 0	147.00 (7) 0	147.00 (9) 2		152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	
CME - NONFAT DRY MILK FUTURES -- Cents per pound										
AUG 01	95.75 (5) 0	95.75 (5) 0	94.73	NO TRADING						
SEP 01	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0		95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	CLOSED
OCT 01	93.80 (8) 0	93.80 (8) 0	93.80 (8) 0		93.80 (8) 0	93.80 (8) 0	93.80 (8) 0	93.80 (8) 0	93.80 (8) 0	
NOV 01	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0		93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	
DEC 01	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0		93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 20 - 31, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: International interest remains generally light despite the return of many traders and customers from summer holiday. Many buyers are reluctant to make volume purchases at current price levels. Financial and political problems in some countries/regions are continuing to affect dairy product demand. Current milk production receipts indicate that some EU countries will be slightly above and others slightly below comparable 2000 levels. Prices on some actual deals vary from reported ranges, since some traders still have old export subsidies to use. Fluctuations in currency exchange rates (a stronger Euro) are also a factor in reported price ranges. Powder interest is also being affected by lower U.S. prices. Lower priced alternative sources for butter are also affecting demand. Butter is moving into intervention in Ireland due to low internal prices. In some EU countries, the weather has changed from very warm to cool, seemingly fall-like.

BUTTER/BUTTEROIL: The butter market is steady to weak. International interest is light for EU sourced product. Lower priced product is reported to be available from other international sources. Irish butter is reported to be moving into intervention.

82% BUTTERFAT:	1,450 - 1,600
99% BUTTERFAT:	1,600 - 1,875

SKIM MILK POWDER (SMP): The skim milk market is unsettled. Exporters in the EU that are holding old (though often small) export subsidies may be able to price product below the reported range. Skim demand for feed use is recovering. Many buyers are delaying larger purchases in the hope of lower prices. Depending on country of origin, skim production may, or may not, be below year ago levels.

1.25% BUTTERFAT:	2,050 - 2,200
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WHOLE MILK POWDER (WMP): The whole milk market is unsettled and interest is relatively quiet. Powder production is limited as producers try to match output to the light sales activity. Also, the increased demand for milk used in cheese production is reducing milk supplies available for drying.

26% BUTTERFAT:	1,900 - 2,050
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SWEET WHEY POWDER: The market is steady to firm. Prices are unchanged to occasionally higher. Demand is good from food channels. Overall, whey production is above year ago levels due to increased cheese production in the EU.

NONHYGROSCOPIC:	500 - 700
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OVERVIEW: EASTERN EUROPE: Milk production continues to trend lower seasonally. Milk volumes, depending on country, are generally above year ago levels. Milk processors are taking advantage of the extra milk supplies. Lower prices compared to the EU, are making Eastern European product an attractive alternative for some buyers.

OCEANIA

OVERVIEW: The milk production season in New Zealand is well underway with all plants operating on good, early season schedules. Currently, preliminary indications show that milk receipts are off to a good start though early data is limited. Milk production is expected to peak, per usual, during late October or early November. Currency exchange rates also affect current price levels. Demand is spotty as financial and political unrest in some countries/regions is impacting demand. The powder markets are unsettled, as buyer demand remains spotty and generally just for short term needs. High powder prices in recent months due to tighter supplies have had a dampening affect on international sales. Some customers have delayed anticipated purchases in the hope of lower prices as production and inventories build seasonally. Also, the discovery of Mad Cow disease in Japan may impact demand, at least in the short term. In Australia, the milk production season is also off to a good start. Current expectations are for a 4 - 5% increase in receipts, similar to early prospects last year. Recent rains are stimulating good grass growth, providing additional support to those expectations. Data on current milk production output is still limited for the new season.

BUTTER: The butter market is unsettled to weak. Prices are trending lower. Current demand is light. The availability of lower priced product from other areas of the world is also a factor. Pressure to fill or to make additional product for the upcoming Ramadan holiday has yet to develop.

82% BUTTERFAT:	1,400 - 1,450
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CHEDDAR CHEESE: The cheese market is firm. Prices moved up on the lower end of the range. Demand for current cheese supplies is fairly good. Current cheese supplies remain fairly tight as early season production is increasing but still well below peak levels.

39% MAXIMUM MOISTURE:	2,250 - 2,300
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SKIM MILK POWDER (SMP): The skim milk market is unsettled though prices are fairly steady. Powder demand is generally light with some buyers delaying purchases under the prospect of potential lower prices as the season continues. Buyers are reacting to current powder prices by limiting purchases to short term/immediate needs. Drying schedules are increasing seasonally.

1.25% BUTTERFAT:	2,050 - 2,100
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WHOLE MILK POWDER (WMP): The whole milk market is unsettled though current reported prices are little changed. International demand is fairly quiet. Some buyers are delaying volume purchases in the hope that increased seasonal increases in production and offerings may cause prices to decline. Production is seasonally limited.

26% BUTTERFAT:	2,000 - 2,050
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Exchange rates for selected foreign currencies: SEPTEMBER 10, 2001

.4082 Dutch Guilder	.4599 German Mark
.1371 French Franc	.4317 New Zealand Dollar
.1065 Mexican Peso	.5136 Australian Dollar
1.4579 British Pound	.0083 Japanese Yen
.2376 Polish Zloty	.8995 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1065) = 9.3897$. That is 1 US Dollar equals 9.3897 Mexican Pesos.

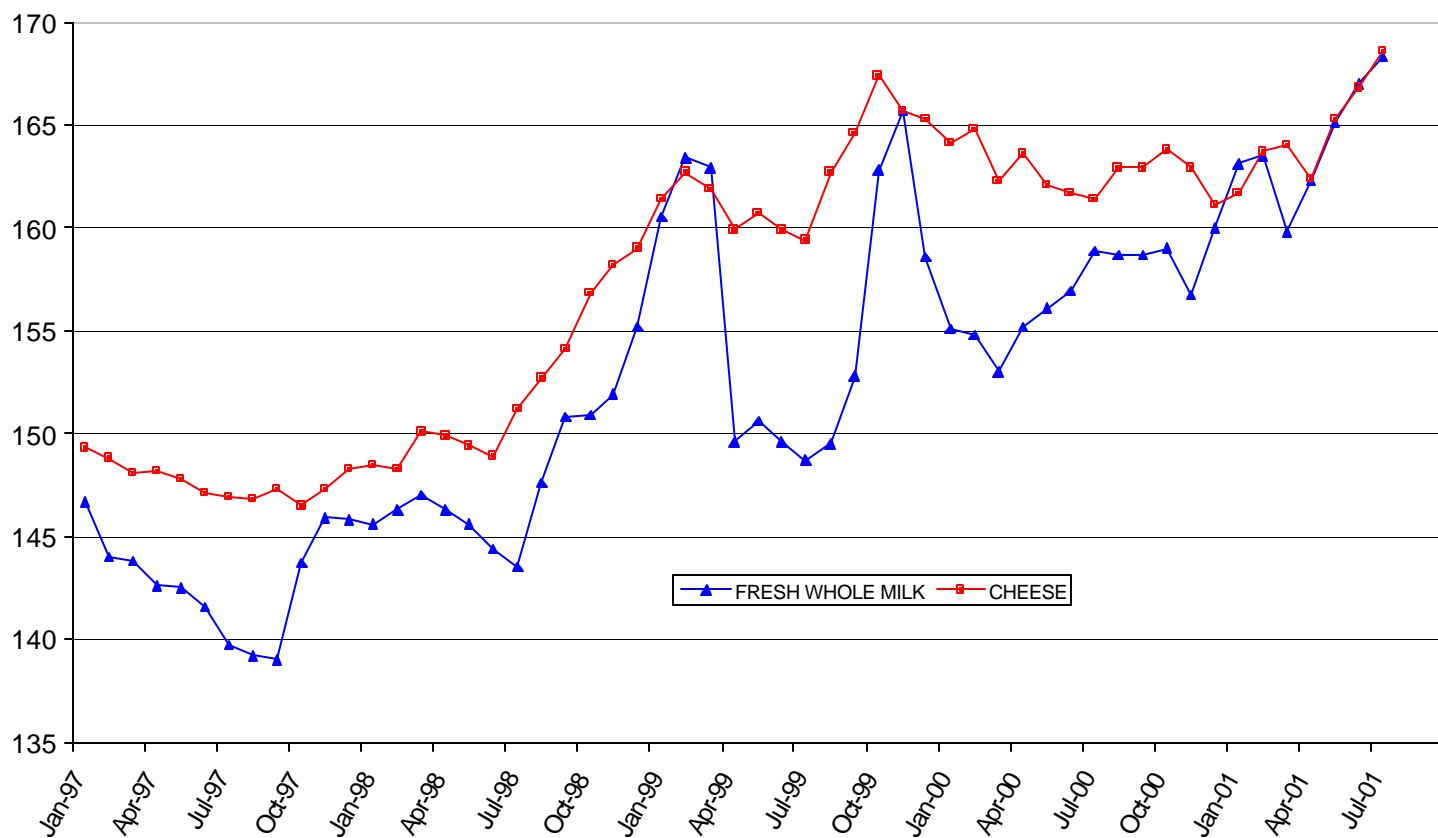
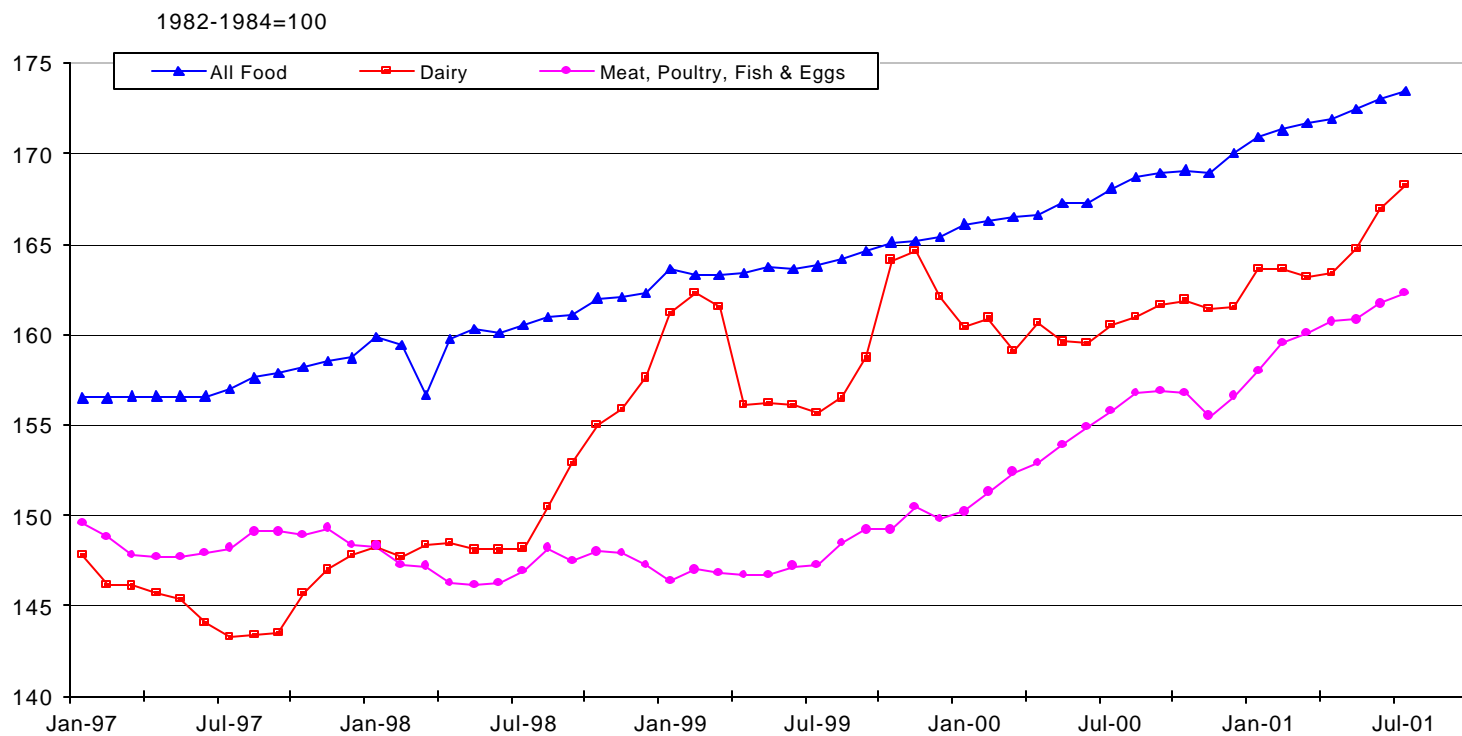
Source: Wall Street Journal

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, SEPTEMBER 2001, WITH COMPARISONS 1/												
CITY	SEP 1999			SEP 2000			AUG 2001			SEP 2001		
	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence
	Dollars Per Hundredweight											
Atlanta, GA	17.77	16.67	1.10	16.27	14.94	1.33	19.28	18.50	0.78	19.44	18.66	0.78
Baltimore, MD	17.37	16.62	0.75	16.19	14.84	1.35	19.85	18.40	1.45	20.01	18.56	1.45
Boston, MA *	17.31	16.83	0.48	15.57	15.09	0.48	20.25	18.65	1.60	20.41	18.81	1.60
Carbondale, IL	17.31	15.60	1.71	15.75	14.04	1.71	19.31	17.60	1.71	19.47	17.76	1.71
Charlotte, NC	17.77	16.67	1.10	16.27	14.94	1.33	19.28	18.50	0.78	19.44	18.66	0.78
Chicago, IL	16.68	14.99	1.69	15.37	13.64	1.73	19.01	17.20	1.81	19.33	17.36	1.97
Cincinnati, OH	17.60	15.70	1.90	15.91	14.04	1.87	19.43	17.60	1.83	19.58	17.76	1.82
Cleveland, OH	17.19	15.59	1.60	15.61	13.84	1.77	19.23	17.40	1.83	19.38	17.56	1.82
Dallas, TX	17.30	16.75	0.55	15.64	14.84	0.80	18.77	18.40	0.37	18.68	18.56	0.12
Denver, CO	18.07	16.32	1.75	15.04	14.39	0.65	18.65	17.95	0.70	18.81	18.11	0.70
Des Moines, IA	16.54	15.14	1.40	14.68	13.64	1.04	18.41	17.20	1.21	18.57	17.36	1.21
Detroit, MI	16.44	15.44	1.00	14.89	13.64	1.25	18.14	17.20	0.94	18.42	17.36	1.06
Hartford, CT *	17.21	16.73	0.48	15.47	14.99	0.48	20.15	18.55	1.60	20.31	18.71	1.60
Houston, TX	17.84	17.29	0.55	16.24	15.44	0.80	19.37	19.00	0.37	19.28	19.16	0.12
Indianapolis, IN	17.04	15.49	1.55	15.71	13.84	1.87	19.23	17.40	1.83	19.38	17.56	1.82
Kansas City, MO	16.41	15.51	0.90	15.03	13.84	1.19	18.61	17.40	1.21	18.52	17.56	0.96
Louisville, KY	16.90	15.70	1.20	15.19	14.04	1.15	18.60	17.60	1.00	18.76	17.76	1.00
Memphis, TN	17.11	16.36	0.75	15.57	14.64	0.93	18.78	18.20	0.58	18.94	18.36	0.58
Miami, FL	20.54	17.77	2.77	18.78	16.14	2.64	21.79	19.70	2.09	21.95	19.86	2.09
Milwaukee, WI	16.59	14.90	1.69	15.32	13.59	1.73	19.11	17.15	1.96	19.43	17.31	2.12
Minneapolis, MN	16.04	14.79	1.25	14.53	13.54	0.99	18.47	17.10	1.37	18.79	17.26	1.53
New Orleans, LA	17.89	17.24	0.65	16.42	15.44	0.98	19.43	19.00	0.43	19.59	19.16	0.43
Oklahoma City, OK	17.16	16.36	0.80	15.49	14.44	1.05	18.80	18.00	0.80	18.96	18.16	0.80
Omaha, NE	16.59	15.34	1.25	14.73	13.69	1.04	18.46	17.25	1.21	18.62	17.41	1.21
Philadelphia, PA	17.30	16.68	0.62	16.36	14.89	1.47	20.02	18.45	1.57	20.18	18.61	1.57
Phoenix, AZ	16.11	16.11	0.00	14.34	14.19	0.15	17.90	17.75	0.15	18.06	17.91	0.15
Pittsburgh, PA	15.99	15.59	0.40	15.14	13.94	1.20	19.40	17.50	1.90	19.56	17.66	1.90
St. Louis, MO	17.31	15.60	1.71	15.55	13.84	1.71	19.11	17.40	1.71	19.27	17.56	1.71
Salt Lake City, UT	15.74	15.49	0.25	13.99	13.74	0.25	17.55	17.30	0.25	17.71	17.46	0.25
Seattle, WA	15.87	15.49	0.38	14.22	13.74	0.48	17.68	17.30	0.38	17.84	17.46	0.38
Spokane, WA	15.87	15.49	0.38	14.22	13.74	0.48	17.68	17.30	0.38	17.84	17.46	0.38
Springfield, MO	16.58	15.78	0.80	15.09	14.04	1.05	18.40	17.60	0.80	18.56	17.76	0.80
Washington, DC	17.37	16.62	0.75	16.19	14.84	1.35	19.85	18.40	1.45	20.01	18.56	1.45
Simple Average	17.05	16.02	1.03	15.48	14.32	1.16	19.03	17.88	1.15	19.18	18.04	1.14

*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CONSUMER PRICE INDEX



JULY FLUID MILK SALES

During July, about 4.0 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 1.6 percent lower than July 2000. On an individual product basis, sales of reduced fat (2%) milk and low fat (1%) milk increased from July 2000, while sales of whole milk, fat-free (skim) milk and buttermilk decreased from a year earlier. The data for both years have been adjusted for calendar composition.

Editor's Note: This data also can be found at www.ams.usda.gov/dairy/mmhos.htm.

PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2001, WITH COMPARISONS ^{1/}

Product Name/ Marketing Area (Order Number) ^{2/}	Sales		Change from: ^{3/}	
	Jul	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk ^{4/}	1,478	10,481	-2.7	-1.4
Reduced Fat Milk (2%)	1,321	9,417	0.4	0.5
Low Fat Milk (1%) ^{5/}	551	4,743	0.9	0.8
Fat-Free Milk (Skim)	610	4,496	-5.0	-2.5
Buttermilk	46	326	-3.7	-4.4
Total Fluid Milk Products ^{2/}	4,015	29,516	-1.6	-0.7
Northeast (001)	768	5,635	-1.7	-0.3
Appalachian (005)	274	1,996	-4.0	-3.0
Southeast (007)	389	2,842	0.5	-0.1
Florida (006)	220	1,640	-1.0	0.7
Mideast (033)	495	3,672	-4.2	-4.0
Upper Midwest (030)	338	2,508	-0.9	-0.3
Central (032)	357	2,662	-1.9	0.8
Southwest (126)	322	2,381	-1.5	0.0
Arizona-Las Vegas (131)	97	708	1.3	2.5
Western (135)	70	509	2.1	-0.6
Pacific Northwest (124)	176	1,257	1.0	0.8
California (---)	509	3,705	-1.7	-0.4

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. ^{2/} Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include the products listed plus miscellaneous products and eggnog. ^{3/} Percent changes have been adjusted for calendar composition. ^{4/} Includes flavored whole milk. ^{5/} Includes flavored fat-reduced milk.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 10 - 14, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 09/07/01	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	1,162,919	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,781,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,944,519	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	371,227,779	460,696,202	601,480,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	15,265,106	38,227,000	-0-
TOTAL	-0-	-0-	-0-	399,378,870	475,961,308	639,707,000	-0-

Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 10 - 14, 2001 =	0.0	0.0	COMPARABLE WEEK IN 2000 =	1.7	91.9
CUMULATIVE SINCE OCTOBER 1, 2000 =	190.1	4,758.4	CUMULATIVE SAME PERIOD LAST YEAR =	168.8	5,608.9
CUMULATIVE JANUARY 1 - SEPTEMBER 14, 2001 =	73.5	3,275.8	COMPARABLE CALENDAR YEAR 2000 =	157.6	5,015.8

* Factors used for Fat Solids Basis Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF SEPTEMBER 10 - 14, 2001 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,995,440	6,863,991	6,677,037	45,838,395	29.9	43.5
WEST	-0-	-0-	5,039,919	80,528	392,701,833	425,182,653	69.9	55.9
EAST	-0-	-0-	39,600	-0-	-0-	4,940,260	0.2	0.6
TOTAL	-0-	-0-	11,074,959	6,944,519	399,378,870	475,961,308	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 08/25/01 & Comparable Week 2000

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2001-Dairy	0.2	0.9	5.4	5.0	19.8	2.7	0.4	0.8	11.0	2.6	48.9	44.2
2000-Dairy	0.2	0.9	5.8	4.8	20.2	2.6	1.2	0.8	11.5	2.6	50.4	46.3
2001-All cows	0.2	0.9	7.3	15.0	29.4	16.7	15.3	4.4	13.7	7.6	110.6	48.7
2000-All cows	0.2	1.1	7.7	13.4	28.6	16.3	12.8	3.6	14.0	5.7	103.4	48.8

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34	15.40	15.56			
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96	15.98				
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55				
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81	15.06				

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm